



CONSOLIDATION OF OIL SHALE INTERESTS

22 June 2011

Esperance Minerals Limited (ASX: **ESM**) is pleased to announce that it has entered into a heads of agreement with its joint venture partner in its oil shale projects, Greenvale Mining NL (ASX : **GRV**), to consolidate the ownership of the Oil Shale Projects into GRV.

Under the agreement ESM has agreed to sell its interests in the projects to GRV in return for approximately 28 million ^(#1) GRV shares. These GRV shares, and ESM's existing holding of 3.6M GRV shares, will be distributed to in species to ESM shareholders by way of a capital return with each ESM shareholder to receive approximately 3.7 GRV shares for every 10 ESM shares held. ^(#2)

The transaction is partially subject to the pre-emptive rights of minority joint venture partner Queensland Energy Resources (**QER**) the operator of the Rundle and Stuart oil shale projects.

A more detailed breakdown of the transaction, which will be subject to approval by both ESM and GRV shareholders, is given over the page. The Company is in the process of preparing a notice of meeting to be despatched to shareholders shortly. Further details of the transaction will be outlined in that notice of meeting.

In commenting on the transaction Mr Kris Knauer, the Chairman of Esperance Mining said:

"We see the transaction as common sense and a win for both sets of shareholders. ESM shareholders will maintain the same exposure to the project via a new direct shareholding in GRV and the project will no longer have to carry two sets of overheads.

GRV will move to clear majority owner of the project, and focus on advancing this strategic asset. ESM will be able to direct its attention to its Kimberly Projects, where it has just approved a \$0.5 million exploration program, while continuing to evaluate other resource opportunities.

- (#1)** *Based on the assumption that QER does not elect to exercise its pre-emptive rights thus ESM receives 28,092,588 fully paid ordinary shares in GRV*
- (#2)** *Based on the assumption (#1) and that none of the unlisted \$0.05 options in ESM are converted which would reduce the distribution on a pro-rata basis.*
- (#3)** *Assumes QER exercises its pre-emptive rights in full and ESM receives 17,491,764 fully paid ordinary shares in GRV and that none of the unlisted \$0.05 options in ESM are converted which would reduce the distribution on a pro-rata basis.*



Detailed Transaction Description

The Esperance Minerals Limited (**ESM**), Greenvale Mining NL (**GRV**) and Queensland Energy Resources (**QER**) currently hold participating interests in the Lowmead Joint Venture, Nagoorin Joint Venture and Alpha Joint Venture as set out in the table below.

Table 1 – Oil Shale Projects Participating Interests

	CURRENT		
Tenement	Joint Venture Participating Interest		
	ESM	GRV	QER
Lowmead (MDL 188)	50%	25%	25%
Nagoorin (MDL 234) – in application (EPM 7721)	25%	50%	25%
Alpha (MDL 330)*	50%	50%	0%

**The interest in the Alpha joint venture is held by a joint venture company, Alpha Resources Pty Ltd.*

On 20 June 2011 the Company signed a conditional heads of agreement with ESM (**Heads of Agreement**) whereby the Company has agreed to acquire from ESM:

- a) its participating interest in each of the Lowmead and Nagoorin Joint Ventures and;
- b) 19,999 shares the Company holds in Alpha Resources Pty Ltd, the holder of MDL 330, (together, the **Assets**).

The consideration under the Agreement will be a minimum of 17,491,764 fully paid ordinary shares in GRV and a maximum of 28,092,588 fully paid ordinary shares in GRV (**GRV Shares**). The disposal of interests in the Nagoorin and Lowmead joint ventures is subject to pro-rata pre-emptive rights in favour of the remaining parties.

Therefore the final consideration payable by GRV will be dependent on whether QER, as the remaining joint venture party, elects to exercise any of its pre-emptive rights under the Lowmead and Nagoorin joint venture agreements. As at the date of this announcement QER has not indicated its intention in this regard. Should QER elect to exercise its pre-emptive rights in full ESM would receive approximately \$1.6m in cash from QER and 17.5m GRV shares. ESM would distribute the GRV Shares in species on the basis of approximately 2.5 GRV shares for every 10 ESM shares held (#3).

The Heads of Agreement is subject to satisfaction of the following conditions precedent:

- a) the shareholders of ESM passing all resolutions as are required under the ASX Listing Rules and the Corporations Act to give effect to the transaction the subject of the Heads of Agreement;
- b) the shareholders of GRV passing all resolutions as are required under the ASX Listing Rules and the Corporations Act to give effect to the transaction the subject of the Heads of Agreement;
- c) all consents and approvals required under the Mineral Resources Act 1989 (Qld) being obtained; and
- d) all third party consents and waivers required to give effect to the transaction being obtained, including a waiver of any right of first refusal or agreement to exercise any pre-emptive right of QER in respect of the Lowmead Joint Venture and Nagoorin Joint Venture.

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